



FEDERAL RELATIONS REPORT

October 9, 1985

• CONGRESSIONAL RECORD

October 8, 1985

Food Security Act: By a yea-and-nay vote of 282 yeas to 141 nays, Roll No. 347, the House passed H.R. 2100, to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, and to ensure consumers an abundance of food and fiber at reasonable prices.

Rejected:

The Petri amendment that sought to deregulate the tobacco industry (rejected by a recorded vote of 195 yeas to 230 noes, Roll No. 342);

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The Petri amendment that sought to restrict participation in the tobacco referendum to actual tobacco growers;

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AMENDMENT OFFERED BY MR. PETRI

Mr. PETRI. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the CONGRESSIONAL RECORD as of the 24th of September?

Mr. PETRI. It has, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. PETRI: Page 516, after line 9, insert the following new title:

TITLE XX—TOBACCO

SHORT TITLE

SECTION 2001. This title may be cited as the "Tobacco Deregulation Act of 1985".

REPEAL OF PROVISIONS OF LAW CONCERNING PRICE SUPPORT FOR TOBACCO

Sec. 2002. (a)(1) Section 101(a) of the Agricultural Act of 1949 (7 U.S.C. 1441(a)) is amended by striking out "tobacco (except as otherwise provided herein), corn," and inserting in lieu thereof "corn".

(2) Section 101(c) of such Act (7 U.S.C. 1441(c)) is repealed.

(3) Section 101(d)(3) of such Act (7 U.S.C. 1441(d)(3)) is amended—

(A) by striking out "except tobacco," and

(B) by striking out "and no price support shall be made available for any crop of tobacco for which marketing quotas have been disapproved by producers;"

(b) Sections 106, 106A, and 106B of the Agricultural Act of 1949 (7 U.S.C. 1445, 1445-1, 1445-2) are repealed.

(c) Section 408(c) of the Agricultural Act of 1949 (7 U.S.C. 1428(c)) is amended by striking out "tobacco,"

REPEAL OF PROVISIONS OF LAW CONCERNING TOBACCO ACREAGE ALLOTMENTS AND MARKETING QUOTAS

Sec. 2003. (a) Section 2 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1282) is amended by striking out "tobacco,"

(b) Section 301(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301(b)) is amended—

(1) in paragraph (3) by striking out subparagraph (C),

(2) in paragraph (6)(A) by striking out "tobacco,"

(3) in paragraph (7) by striking out "Tobacco (flue-cured), July 1-June 30;

"Tobacco (other than flue-cured), October 1-September 30;"

(4) in paragraph (10) by striking out subparagraph (B),

(5) in paragraph (11)(B) by striking out "and tobacco",

(6) in paragraph (12) by striking out "tobacco,"

(7) in paragraph (14)—

(A) by striking out "(A)", and

(B) by striking out subparagraph (B),

(8) by striking out paragraph (15), and

(9) in paragraph (16) by striking out subparagraph (B).

(c) Section 303 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1303) is amended by striking out "rice, or tobacco," and inserting in lieu thereof "or rice."

(d) Part I of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1311 et seq.) is repealed.

(e) Section 361 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1361) is amended by striking out "tobacco,"

(f)(1) Section 371(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1371(a)) is amended by striking out "peanuts, or tobacco" and inserting in lieu thereof "or peanuts".

(2) Section 371(b) of such Act (7 U.S.C. 1371(b)) is amended by striking out "peanuts, or tobacco" and inserting in lieu thereof "or peanuts".

(g)(1) Section 373(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is amended—

(A) in the first sentence—

(i) by striking out "peanuts, or tobacco, and" and inserting in lieu thereof "or peanuts, and",

(ii) by striking out "peanuts, or tobacco from" and inserting in lieu thereof "or peanuts from", and

(iii) by striking out "all persons engaged in the business of redrying, prizing, or stemming tobacco for producers," and

(B) in the last sentence by striking out "\$500;" and all that follows through the end thereof and inserting in lieu thereof "\$500."

(2) Section 373(b) of such Act (7 U.S.C. 1373(b)) is amended by striking out "peanuts, or tobacco" and inserting in lieu thereof "or peanuts".

(h) Section 375(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1375(a)) is amended by striking out "peanuts, or tobacco" and inserting in lieu thereof "or peanuts".

(i) Section 378(f) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1378(f)) is repealed.

(j) The Act entitled "An Act relating to burley tobacco farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended", approved July 12, 1952 (7 U.S.C. 1315), is repealed.

(k) Section 4 of the Act entitled "An Act to amend the Agricultural Adjustment Act of 1938, as amended, to provide for acreage-poundage marketing quotas for tobacco, to amend the tobacco price support provisions of the Agricultural Act of 1949, as amended, and for other purposes", approved April 16, 1965 (7 U.S.C. 1314c note), is repealed.

(l) Section 703 of the Food and Agriculture Act of 1965 (7 U.S.C. 1316) is repealed.

EXCLUSION OF TOBACCO FROM CONCESSIONAL EXPORT SALES PROVISIONS OF PUBLIC LAW 480

Sec. 2004. The proviso to the first sentence of section 402 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1732) is amended by striking out "and for the purposes of title II of this Act," and inserting in lieu thereof "or".

PROHIBITION AGAINST COMMODITY CREDIT CORPORATION USING POWERS WITH RESPECT TO TOBACCO

Sec. 2005. Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C.

714c) is amended by adding at the end the following new undesignated paragraph:

"Notwithstanding any other provision of law, the Corporation may not exercise any of the powers specified in this section or in any other provision of this Act with respect to tobacco."

PROHIBITION AGAINST TOBACCO MARKETING ORDERS

Sec. 2006. Section 8c(2) of the Agricultural Adjustment Act (7 U.S.C. 608c(2)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(1) by striking out "tobacco,"

(2) by inserting "tobacco," after "(B) any agricultural commodity (except honey)," and

(3) by adding at the end the following new sentence: "Notwithstanding any other provision of law, no order concerning tobacco may be issued or enforced under this Act."

WITHDRAWAL OF CONSENT RELATING TO COMPACTS AMONG STATES FOR REGULATING TOBACCO PRODUCTION AND COMMERCE

Sec. 2007. (a) The Act entitled "An Act relating to compacts and agreements among States in which tobacco is produced providing for the control of production of, or commerce in, tobacco in such States, and for other purposes", approved April 25, 1936 (7 U.S.C. 515 et seq.), commonly known as the Tobacco Control Act, is repealed.

(b) The Congress hereby withdraws its consent to any compact or agreement entered into under the Act referred to in subsection (a).

EFFECTIVE DATES

Sec. 2008. (a) The amendments made by sections 2002 through 2006 shall apply with respect to the 1986 and subsequent crops of tobacco.

(b) Section 2007 shall take effect January 1, 1986.

Amend the table of contents at the beginning of the bill accordingly.

Mr. PETRI (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The CHAIRMAN. Under the unanimous-consent agreement previously entered into, the gentleman from Wisconsin [Mr. PETRI] will be recognized for 30 minutes, and an opponent will be recognized for 30 minutes.

The Chair would inquire as to who wishes to control the time in opposition?

Mr. ROSE. Mr. Chairman, the understanding I had with the gentleman from Kentucky [Mr. HOPKINS] the ranking member on my subcommittee, was that he would control 15 minutes and that I would control 15 minutes.

The CHAIRMAN. The gentleman from Kentucky [Mr. HOPKINS] will control 15 minutes in opposition and the gentleman from North Carolina [Mr. ROSE] will control 15 minutes in opposition. The gentleman from Wisconsin [Mr. PETRI] will control 30 minutes as proponent of the amendment.

The Chair recognizes the gentleman from Wisconsin [Mr. PETRI].

Mr. PETRI. Mr. Chairman, I yield myself such time as I may consume.

So the amendment was rejected.
The result of the vote was announced as above recorded.

□ 1355

AMENDMENT OFFERED BY MR. PETRI

Mr. PETRI. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the CONGRESSIONAL RECORD as of the 24th of September?

Mr. PETRI. It has, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. PETRI: Page 525, after line 2, insert the following new title:

TITLE XXI—TOBACCO

RESTRICTION OF TOBACCO PROGRAM TO ACTUAL GROWERS

SEC. 2101. Section 312(c) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1312(c)) is amended by inserting after the first sentence the following: "A farmer shall not be considered as engaged in the production of the crop of tobacco for the purposes of this subsection unless such farmer actually operates the farm on which such production takes place."

Mr. PETRI. Mr. Chairman, one of the arguments that we heard in opposition to the previous amendment was the fact that there is a referendum every 3 years—I think the next scheduled one will occur early next year—to determine the fate of the tobacco program that is voted on by people involved in that program.

In recent years, the program has received the necessary number of votes, but that is not surprising because there are 543,000 allotment holders and only 95,000 commercial tobacco growers. And both the allotment holders, those 543,000 people with the license to sell tobacco, and the producers, can vote in the periodic referendum on the Federal tobacco program.

This amendment will restrict the eligibility of those who vote to those who are actually engaged in the production of tobacco, working farmers, rather than investors who happen to have or own a Government allotment and then license it to an actual man or woman who works out in the field. Current law has been interpreted to allow anyone with a connection to tobacco growing, including absentee allotment holders and their spouses, by the way, to vote on the referenda which are held approximately every 3 years.

As a result, actual growers have no control over the program because allotment holders outnumber growers by 4 to 1 in States like North Carolina and Georgia. Absentee allotment holders are the biggest beneficiaries of the program, and it seems to me it is the producers who should have the sole right to vote or to eliminate the program which, after all, directly affects their livelihood as producers.

This amendment does not prohibit voting by growers who own allotments and who also grow tobacco. It simply prohibits voting by absentee landlords

or allotment holders who receive income from the allotment but pay none of the costs and do none of the work involved to produce the tobacco.

A Georgia tobacco producer who stopped by my office recently said that he does not blame nongrowing allotment holders for not wanting a change. He added, for them to vote against the program would be like them telling Santa Claus not to come.

So I ask my colleagues who say that it is they and not I who truly care about the small tobacco grower to vote for this amendment so that a large class of absentee landlords, many of whom are professionals in nonagricultural fields, not be allowed to vote on the future of a program that is supposedly helping the small tobacco producers stay in business. It is just plain wrong.

This amendment will allow the small producers to regain control of their own destiny, and I urge my colleagues to vote for this amendment.

Mr. ROSE. Mr. Chairman, I rise in opposition to the amendment.

Mr. HOPKINS. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I yield briefly to the gentleman from Kentucky.

Mr. HOPKINS. I thank my colleague for yielding.

We are opposed to the amendment offered by the gentleman from Wisconsin [Mr. PETRI] on this side. The gentleman is not without principle, but it seems he continues to be without direction.

I yield back to the gentleman.

Mr. ROSE. Mr. Chairman, I urge my colleagues in the House to vote against this amendment. This is not only a mischievous amendment, but it is improperly drafted. I submit that the gentleman has missed his mark in what he obviously was attempting to do. His amendment would prohibit sharecroppers from voting in the referendum. His amendment would oppose anybody voting in the final referendum on the Tobacco Program with the exception of the so-called farm operator, and that is because he used the term in the amendment "actually operates the farm."

The USDA tells us that means a farm operator, and a farm operator does not include the sharecropper. It does not include the widows or the children who may have their rights protected by a guardianship.

Mr. Chairman, today everybody who shares in the financial risks of producing a crop of tobacco may vote in the referendum that is held once every 3 years. The only ones today who cannot vote are those that do not share in the financial risk of producing tobacco, and that is something that we did in the 1982 and 1983 amendments to the tobacco program.

I submit that this amendment goes in reverse. It takes away the right of people such as sharecroppers who should be not disenfranchised by this amendment, but who share directly in

the risk of what they do. They should be allowed to vote. This is a backward step, and I think it was improperly drafted.

I would urge my colleagues in the House to please vote against this mischievous amendment.

□ 1405

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. PETRI].

The question was taken; and the Chairman announced that the yeas appeared to have it.

Mr. PETRI. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred and twelve Members are present, a quorum.

The CHAIRMAN. The pending business is the demand of the gentleman from Wisconsin [Mr. PETRI] for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

Someone said, "Well, we ought to limit the growth of tobacco, who can grow tobacco in the United States." Perhaps some day we should. But why turn that over to private people to then assess someone else for the right to grow tobacco? There is no need to do it that way. Most times if you want to limit something, the Government comes in and limits it. It does not surrender that Government power to private individuals and let them collect the tax money and put it in their pocket, in effect, through the allotment system as we do right now.

Third, I just wanted to make the point that I think there is confusion that is being sown here about the increase in production of tobacco that would occur if we got rid of the tobacco program. There is no question there would be a big increase in tobacco produced in the United States and it would be a fine thing for farmers. There is no question there would be a big increase in tobacco being produced in the United States, but it would go overseas. If more is consumed in the United States, we could raise the tobacco tax to keep consumption down, and I think we should.

Mr. ROSE. Mr. Chairman, I yield myself the remainder of my time.

Mr. Chairman, I urge my colleagues to vote "no" on this amendment. The Tobacco Program is not perfect, but it is designed to keep farm families in rural areas making a living on a crop that is a good crop for people to grow.

We do not have a program that is subsidized by the taxpayer. The program works. Help us keep the family farmer growing tobacco in America.

Do not help the large cigarette companies get cheaper tobacco. Help us keep the price of tobacco up. Vote "no" on the Petri amendment.

Mr. CROCKETT. Mr. Chairman, we have before us today a way of resolving not only a moral dilemma, but also a financial one. And the way is very simple: Pass the Petri amendment to eliminate the Tobacco Price Support Program.

For many years now, the Federal Government has sponsored any number of different drives to warn smokers, especially cigarette smokers, that they are almost certainly cutting short their lives and productivity by smoking. We enact laws that require warnings on cigarette packages and on tobacco advertisements; we send out brochures on the hazards of smoking; we sponsor or encourage advertising campaigns to get people to stop or never begin smoking, et cetera, et cetera. And then we turn around, like the alcoholic's family members who buy the alcoholic liquor, and subsidize the very producers of smoking materials. This makes absolutely no moral sense. Even worse in these days of historically unequalled deficits, this program makes no economic sense. Not only does it cost the amount we directly appropriate for it, but it costs us in higher appropriations for Medicare and Medicaid, for Social Security disability, for veterans' benefits, and for any number of other programs that must pick up the health and welfare costs

of the victims of cigarette-related cases of lung cancer and heart disease, and the families that they leave behind.

Representative PETRI's amendment is a well-crafted one that seeks to alleviate many of the possible adverse effects that elimination of this program may have on tobacco growers. As such, it gives us a rare opportunity to vote for something that hurts no one and does contribute to the physical and financial health of all of us. I urge a resounding "yes" on this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. PETRI].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. PETRI. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 195; noes 230, not voting 9, as follows:

[Roll No. 342]

AYES—195

Anderson	Feighan	Moakley
Annunzio	Fiedler	Molinar
Applegate	Fields	Monson
Archer	Fish	Moody
Armey	Florio	Moorhead
Atkins	Foglietta	Morrison (CT)
AuCoin	Ford (TN)	Morrison (WA)
Badham	Frank	Mrazek
Barnes	Frenzel	Nelson
Bartlett	Garcia	Nielson
Barton	Gejdenson	Nowak
Bates	Gekas	Owens
Bellenson	Gibbons	Packard
Bereuter	Gilman	Pease
Berman	Goodling	Petri
Boehlert	Green	Porter
Boland	Gregg	Pursell
Bonker	Guarini	Regula
Boulter	Hall (OH)	Reid
Boxer	Hansen	Ridge
Breaux	Henry	Rinaldo
Broomfield	Hertel	Ritter
Brown (CA)	Hiler	Rodino
Brown (CO)	Hillis	Roemer
Bryant	Hughes	Roukema
Callahan	Hunter	Rowland (CT)
Carper	Hyde	Savage
Chandler	Ireland	Saxton
Cheney	Jacobs	Schaefer
Clinger	Johnson	Scheuer
Coats	Kanjorski	Schneider
Collins	Kaptur	Schroeder
Conte	Kasich	Schumer
Conyers	Kolbe	Selberling
Coughlin	Kostmayer	Sensenbrenner
Courter	Kramer	Sharp
Coyne	LaFalce	Shaw
Craig	Lagomarsino	Shumway
Crane	Lantos	Shuster
Crockett	Leach (IA)	Siljander
Dannemeyer	Lehman (FL)	Slattery
Daub	Levine (CA)	Smith (FL)
Davis	Lightfoot	Smith (NJ)
DeLay	Livingston	Smith, Denny
Dellums	Lowery (CA)	(OR)
DeWine	Lukens	Smith, Robert
DioGuardi	Lundine	(NH)
Donnelly	Lungren	Snowe
Dornan (CA)	Mack	Solarz
Downey	MacKay	Solomon
Dreier	Markey	St Germain
Durbin	Martin (IL)	Stallings
Dwyer	Mavroules	Stark
Early	McCollum	Stratton
Eckart (OH)	McDade	Studds
Eckert (NY)	McHugh	Sweeney
Edgar	McKernan	Tauke
Edwards (CA)	Meyers	Torricelli
Edwards (OK)	Michel	Vento
Erdreich	Miller (CA)	Visclosky
Evans (IL)	Miller (WA)	Vucanovich
Fawell	Mineta	Walgren

Waxman
Weiss
Whitehurst
Whittaker

Wirth
Wolpe
Wyden
Wylie

Yates
Young (FL)
Zechau

NOES—230

Akaka	Gunderson	Pashayan
Alexander	Hall, Ralph	Penny
Andrews	Hamilton	Pepper
Anthony	Hammerschmidt	Perkins
Aspin	Hartnett	Pickle
Barnard	Hatcher	Price
Bateman	Hawkins	Quillen
Bedell	Hayes	Rahall
Bennett	Hefner	Rangel
Bentley	Hefstel	Ray
Bevill	Hendon	Richardson
Biaggi	Holt	Roberts
Billakis	Hopkins	Robinson
Bliley	Horton	Roe
Boggs	Howard	Rogers
Boner (TN)	Hoyer	Rose
Bonior (MI)	Hubbard	Rostenkowski
Borski	Huckaby	Roth
Bosco	Hutto	Rowland (GA)
Boucher	Jeffords	Roybal
Brooks	Jenkins	Rudd
Broyhill	Jones (NC)	Russo
Bruce	Jones (OK)	Sabo
Burton (CA)	Jones (TN)	Schuetz
Bustamante	Kastenmeier	Schulze
Byron	Kennelly	Shelby
Campbell	Kindness	Sikorski
Carney	Kiecuka	Siskis
Carr	Kolter	Skeen
Chapman	Latta	Skelton
Chappell	Leath (TX)	Slaughter
Chapple	Lehman (CA)	Smith (IA)
Clay	Leland	Smith (NE)
Cobey	Lent	Smith, Robert
Coble	Levin (MI)	(OR)
Coelho	Lewis (FL)	Snyder
Coleman (MO)	Lipinski	Spence
Coleman (TX)	Lloyd	Spratt
Combest	Loeffler	Staggers
Cooper	Long	Stangeland
Daniel	Lott	Stenholm
Darden	Lowry (WA)	Stokes
Daschle	Lujan	Strang
de la Garza	Madigan	Stump
Derrick	Manton	Sundquist
Dickinson	Marlenee	Swift
Dicks	Martin (NY)	Swindall
Dingell	Martinez	Synar
Dixon	Matsui	Tallon
Dorgan (ND)	Mazzoli	Tauzin
Dowdy	McCain	Taylor
Duncan	McCloskey	Thomas (CA)
Dymally	McCurdy	Thomas (GA)
Dyson	McEwen	Torres
Emerson	McGrath	Towns
English	McMillan	Trafficant
Evans (IA)	Mica	Traxler
Fascell	Mikulski	Udall
Fazio	Miller (OH)	Valentine
Filippo	Mitchell	Vander Jagt
Foley	Mollohan	Volkmer
Ford (MI)	Montgomery	Walker
Fowler	Moore	Watkins
Franklin	Murphy	Weaver
Frost	Murtha	Weber
Fuqua	Myers	Wheat
Gallo	Natcher	Whitley
Gaydos	Neal	Whitten
Gephardt	Nichols	Williams
Gingrich	O'Brien	Wilson
Glickman	Oaker	Wise
Gonzalez	Obey	Wolf
Gordon	Olin	Wortley
Gradison	Ortiz	Wright
Gray (IL)	Oxley	Yatron
Gray (PA)	Panetta	Young (AK)
Grotberg	Parris	Young (MO)

NOT VOTING—9

Ackerman	Kemp	McCandless
Addabbo	Kildee	McKinney
Burton (IN)	Lewis (CA)	Oberstar

□ 1345

Mr. RANGEL changed his vote from "aye" to "no."

Messrs. SAXTON, DWYER of New Jersey, SAVAGE, STALLINGS, MacKAY, HUGHES, BREAUX, and MAVROULES changed their votes from "no" to "aye."

forced out of business. The tobacco companies, however, would not suffer. They would have the ability to force down the price of tobacco and bring in additional imports. The price of a package of cigarettes would probably go down, not up, as the supporters of this amendment believe.

Allotments for nongrowers will end in 1986. This amendment is not needed to achieve that objective. The ones who will suffer will be individual farmers and I do not believe it should be the policy of the House of Representatives to put farmers out of business.

This amendment is wrong. I urge my colleagues to reject this amendment and let the farmers in my district continue to earn a living.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. PETRI].

Mr. PETRI. Mr. Chairman, I propose to conclude between the other two gentlemen, if that is all right with the Chair. I believe the gentleman from North Carolina [Mr. ROSE] has the right to close the debate.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. ROSE].

Mr. ROSE. Mr. Chairman, I yield 45 seconds to our distinguished colleague, the gentleman from North Carolina [Mr. NEAL].

Mr. NEAL. Mr. Chairman, the author of this proposal has made several points which require correction.

First, the Tobacco Program has nothing to do, whatsoever, with the question of smoking and health.

The Tobacco Program limits the amount of tobacco grown. Without it, more would be grown, not less. It would just be grown by different people—the tobacco companies or big corporate farmers—not the small family farmers who, by and large, grow it now.

Second, regarding cost, there well may be some cost associated with the program before 1982. But we have changed the law and the program should cost very little for the years since 1982, or in the future.

Mr. Chairman, the fact is that the Tobacco Program has been in operation for over 50 years and hundreds of thousands of small farmers depend on it. In North Carolina alone, I'm told there are over 119,000 allotments, and the average size allotment is only 2.2 acres.

Local land values, property taxes, and whole local economies depend on the Tobacco Program. Tobacco farming is a way of life for many people and a major source of what often is a meager income for many thousands of families.

For most of our history, Mr. Chairman, we have recognized that we are one great country comprising many diverse strengths and needs.

Most of us from the South are considerate of the needs of the people from the other regions of the country, and we try to help whenever possible.

The Tobacco Program is vital to hundreds of thousands of our farm families, has nothing to do with the question of smoking and health, should cost very little for its further operation and it now needs your help to save it.

□ 1330

Mr. HOPKINS. Mr. Chairman, I yield myself the remainder of my time.

Mr. Chairman, the author of this amendment would have you believe that farmers in Kentucky sit back on the back porch with their feet up on the rail looking at thousands of acres of tobacco growing. The fact of the matter is the average size tobacco allotment in Kentucky is less than an acre, and it takes 227 man-hours to grow 1 acre of tobacco compared to 3 man-hours to grow 1 acre of wheat.

These people do not ask for anything. They pay their taxes. They would like to be left alone. It is the best program in this country today, as far as commodities are concerned.

I ask my colleagues to help defeat this mischievous amendment.

Mr. PETRI. Mr. Chairman, I yield 1 minute to my colleague, the gentleman from California [Mr. SHUMWAY].

Mr. SHUMWAY. Mr. Chairman, I thank the gentleman from Wisconsin for yielding time to me.

Mr. Chairman, I rise in support of Congressman PETRI's amendment to discontinue the Federal Tobacco Program. This amendment will go a long way toward eliminating a contradiction in Federal policy that, on the one hand discourages the use of tobacco and on the other hand promotes its use through price supports and other favorable Federal programs.

It is estimated by the National Center on Health Statistics that the annual cost associated with cigarette smoking is about \$41 billion in medical expenses and lost productivity. The Surgeon General reports that over 350,000 Americans each year, or almost 1,000 every day, die of cigarette smoking. Smoking causes 80 to 90 percent of all emphysema and chronic bronchitis deaths in this country. The irony is that smoking related health problems are the most easily prevented. Nevertheless, the Federal Government continues to support tobacco by ensuring an artificially high price and buying billions of pounds of surplus tobacco with a potential cost to the taxpayer of \$1 billion in losses on stored tobacco.

In 1982 tobacco legislation was passed that was billed as a "no net cost" program. This has proved to be a bitter pill. This legislation assessed a per pound fee on tobacco farmers to cover the losses the Government incurs when it sells tobacco from its own stocks. The program needed adjustment in 1983 and again this year, resulting in the skyrocketing of the assessment from less than a nickel to a quarter per pound because the Gov-

ernment has purchased so much tobacco. Assessments have not been able to keep up with the cost of Government stored surpluses and are proving to be an additional source of economic hardship on the already hard-hit tobacco farmers.

The Federal Tobacco Program is its own worst enemy in its effort to help tobacco growers. The average price support level for tobacco is about \$1.65 per pound, well above the world market price, causing cigarette manufacturers to buy increasing amounts of imported tobacco and pricing American grown tobacco out of the world market.

According to a North Carolina State University Agricultural Research Service study, deregulation will virtually eliminate our tobacco imports and double our exports, producing a positive swing in our trade balance of about \$1.5 billion.

The Federal Tobacco Program has not worked, despite claims to the contrary by its supporters. The tobacco farmer is growing less and making less money, while the Government is buying more and losing more money. Mr. Chairman, the time has come to end this unnecessary and counterproductive program. Mr. PETRI's amendment offers Congress a chance to help tobacco farmers, save the Government millions of dollars, and finally remove the contradiction in competing Federal policy.

Mr. McEWEN. Mr. Chairman, will the gentleman yield?

Mr. PETRI. I yield to the gentleman from Ohio.

(Mr. McEWEN asked and was given permission to revise and extend his remarks.)

Mr. McEWEN. Mr. Chairman, I rise in strong opposition to the amendment by the gentleman from Wisconsin.

This amendment, seeking to deregulate the tobacco industry, is not in the best interest of tobacco farmers. Likewise, it is not in the best interest of this body to address such a complicated and important program in one fell swoop.

Tobacco is a principal crop on 276,000 farms in 22 States. In Ohio, over 11,300 farm families harvest tobacco. Without an acceptable Tobacco Program, the small family farmer loses. This amendment will not assure those farmers that we have adequately addressed the unique nature of the tobacco programs.

I urge my colleagues to join me in defeating this amendment.

Mr. PETRI. Mr. Chairman, I yield myself the remainder of my time.

I would just like to conclude, Mr. Chairman, by asking what does the AMA know about tobacco? They know a lot about smoking I think, as doctors, and they may know something about tobacco, too, because I understand the president of the AMA owns a tobacco allotment though he is a doctor. That is symptomatic of what I am trying to get rid of in this program.

Since 1933, the Commodity Credit Corporation has incurred losses of \$58 billion in its commodity loan operations, commodity acquisitions and disposal, grain reserves, producer payments, and export payments. Tobacco's share of this loss is less than one-half of 1 percent.

The issue here, Mr. Chairman, is not whether or not tobacco will be grown. Tobacco will continue to be grown regardless of whether this amendment passes.

The issue here is whether tobacco will continue to be grown by small family farmers or on large corporate farms.

The issue here is whether tobacco will continue to be grown by American farmers or by overseas growers.

The issue here is whether small farms will be shut down, whether farmworkers will be displaced, and whether State and local revenues will be reduced—all for an amendment that will not produce significant savings or decrease tobacco production.

Mr. Chairman, farmers across the country are experiencing unprecedented foreclosures and economic hardships. The gentleman's amendment would create even more difficult circumstances for farmers. It would repeal the one Federal Commodity Program geared to small family farms. The choice here is whether you will join those who would close down family farms or those who would allow these farms to continue as a vital part of American life. I urge my colleagues to join me in defeating this extremely harmful amendment.

Mr. HOPKINS. Mr. Chairman, may I inquire as to how much time I have remaining?

The CHAIRMAN. The gentleman from Kentucky [Mr. HOPKINS] has 2 minutes remaining, the gentleman from Wisconsin [Mr. PETRI] has 2 minutes remaining, and the gentleman from North Carolina [Mr. ROSE], who by tradition will be recognized to close debate, has 2½ minutes remaining.

Mr. HOPKINS. Mr. Chairman, I yield 1 minute to the distinguished gentleman from North Carolina [Mr. HENDON].

(Mr. HENDON asked and was given permission to revise and extend his remarks.)

Mr. HENDON. Mr. Chairman, the Federal Government, most of us here agree, is here to help the people—to create an environment in which our citizens can prosper. We are not here to dole out handouts; we are not here to soak the taxpayers. We are here to write laws that encourage prosperity and provide jobs and security for the American people.

My people in the Great Smoky Mountains of North Carolina need this tobacco program, not to prosper, but in most cases just to make it through the winter. Our mountains are just like this—steep in many places. There are no big combines running up and down them. In many

places it is too steep and too rocky and too rugged for anything other than tobacco. My people need that income. They need the program that is now in place.

So I say to my colleagues, do not take away the security, small as it might be, that this program offers many American farmers. With the greatest respect for my friends, the gentleman from Wisconsin, the gentleman from Texas, and others who oppose this program and who are in favor of this amendment, I urge a no vote.

Mr. ROSE. Mr. Chairman, I yield 30 seconds to the gentleman from Kentucky [Mr. PERKINS].

Mr. HOPKINS. Mr. Chairman, I yield an additional 30 seconds to the gentleman from Kentucky [Mr. PERKINS].

(Mr. PERKINS asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The gentleman from Kentucky [Mr. PERKINS] is recognized for 1 minute.

Mr. PERKINS. Mr. Chairman, I rise today in serious opposition to this amendment and hope that other Members will listen carefully to the various speeches concerning the tobacco program that will be given on this floor.

In my State of Kentucky, the tobacco industry is vitally important to the State's economy and to the future of all the people. The industry cuts across and touches practically every other industrial base in my State.

I am not here to argue for the preservation of the tobacco program because of the historic value or because it is the way we have run the program in years past. Those of us related to the tobacco industry are continually trying to improve the program and to make it a better program for the farmer and the taxpayer. I think that we need to support the tobacco program because it is the best vehicle for dealing with the unique problems of tobacco.

Any unfair changes in the tobacco program would mean disaster for a majority of the farmers in Kentucky. Almost 72 percent of the farmers in Kentucky depend on tobacco for over half of their gross sales each year. And we are not talking about a bunch of rich farmers sitting back and collecting money off of these quotas either. About 76 percent of Kentucky's tobacco farmers have a net annual farm income of less than \$10,000 dollars. These are farmers that grew up on the farm and had the dream to continue in their parents footsteps in the honorable tradition of farming. These people are entrenched in agriculture and want to continue the work. But with the destruction of the program this dream will be taken away from them.

Getting back to the economic impact that this amendment would have on the State of Kentucky we only need to look at the number of jobs that are di-

rectly related to the industry. The number of full-time employees in tobacco production amounts to about 31,000. But in addition, the number rises to about 84,000 in the peak months. At its peak tobacco is Kentucky's fourth largest industry.

From the tobacco industry the total value of the production to Kentucky, in 1984, was approximately \$1 billion.

The loss would affect the State and local revenues and would cause drastic cuts to take place in needed services to the people. The loss of jobs would be devastating especially in a job poor district like mine. For every 1 percent loss in Kentucky's tobacco output there would be a corresponding loss of 1,183 jobs across the State. This amendment would cause a much higher loss than just 1 percent. The number of people that would be forced onto the unemployment lines would simply swamp the system.

The farmers have been paying for the program since 1981, through the no-net-cost system and are willing to carry their load in the effort to preserve the program. Those opposing the program claim that the farmers are being hurt by the system. Well they have chosen to keep the program in place. The farmers always have the ability to vote out the program at any time if they want to. Obviously there are problems but the farmers have stayed with the system and are working with us to preserve and improve it.

The loss of the program would cause the sacrifice of a decent standard of living for these farmers and would mean that most Kentucky farmers would fall by the wayside and be forced into poverty. I can't see how we can argue for the preservation of the farming community and then turn on one sector and take away his crops.

I urge you to vote no and to reject this amendment for the sake of the farmers.

Mr. ROSE. Mr. Chairman, I yield 45 seconds to the distinguished chairman of the Committee on Science and Technology, the gentleman from Florida [Mr. FUQUA].

(Mr. FUQUA asked and was given permission to revise and extend his remarks.)

Mr. FUQUA. Mr. Chairman, I rise in strong opposition to the amendment by the gentleman from Wisconsin [Mr. PETRI]. We have a tobacco program in place which is working and working well. We do not need this amendment.

Those who believe that this amendment would stop people from smoking are misguided. As a matter of fact, it may increase smoking by increasing the importation of cheap foreign tobacco.

One reason put forth for keeping the cigarette tax at 16 cents a pack is that, to reduce it, would encourage people to smoke. Just wait. If this amendment is adopted tobacco farmers in my area of Florida would suffer tremendously and many would be

would happen among the growers who owe large amounts of money and the lending institutions which hold the loans.

If every element of Government involvement were to be abolished—and this would be the only commodity for which that would be true—we would be devoid of statistical data that is essential in determining imports. Unless American growers substantially reduced the price of their tobacco, imports would likely rise—and one more domestic industry would go the way of shoes, textiles, steel, and others which have given way to foreign production. In a time when we are concerned about our trade imbalance, it is well to remember that tobacco has consistently been a plus, now amounting to nearly \$2 billion a year.

Already, tobacco has been singled out for special treatment. Under the No Net Cost Program adopted in 1982, growers are paying the cost of their program. They pay for their grading service. Tobacco has accepted restrictions and second-rate status which politically would not have been foisted upon any other commodity. And still the opponents are not satisfied.

Arguments in favor of this amendment sound as though the time is 1980 or 1970. They overlook the changes that have been imposed by congressional action. Laws already enacted will bring further changes in 1986 and subsequent years. Why not let these take effect? Why not consider corrective legislation now pending in the House and Senate which would deal forthrightly with conditions which the industry itself acknowledges exist?

A vote for this amendment would be a vindictive act—an ill-advised action. No one knows, nor has any informed assessment been made, what would be the result of immediate abandonment of the tobacco program.

Those who would be worst hurt are those who could least adjust to the impact. Before voting, we should consider the social and economic consequences. To do otherwise would only create additional problems with which we must be prepared to deal.

Because we do not know these answers, I urge defeat of the amendment.

Mr. ROSE. Mr. Chairman, I yield 45 seconds to the distinguished gentleman from North Carolina [Mr. VALENTINE].

(Mr. VALENTINE asked and was given permission to revise and extend his remarks.)

Mr. VALENTINE. Mr. Chairman, today I rise in strong opposition to the amendment offered by our distinguished colleague from Wisconsin. The gentleman's amendment assumes that ending the subsidies for price support and production adjustment programs would save the Federal Government tens of millions of dollars per year. The gentleman calls his amendment a tobacco deregulation program.

The gentleman has made several other statements regarding the tobacco program that need to be corrected as well.

First, Mr. Chairman, to claim that this amendment will eliminate subsidies is mistaken. I submit to you, what subsidies? Subsidies for the tobacco program ended with the enactment of the No Net Cost Tobacco Program in 1983. The American taxpayer no longer picks up the tab for losses on price support loans. The farmers themselves pay an assessment on each pound of tobacco they sell to cover any losses.

The amendment also proposes to end so-called inconsistencies relating to health warning labels on cigarettes. The proponents of this amendment argue that requiring such labels while subsidizing tobacco is inconsistent. But again, there is no subsidy. So where is the inconsistency? This amendment might be inconsistent, but Federal tobacco policy is not.

While critics of tobacco itself might claim that there is a direct relationship between this program and smoking, Government health officials have been quick to point out that there is absolutely no relationship between the Tobacco Price Support Program and smoking. For example, Surgeon General Everett Koop has said, "I have always thought that having price support program for tobacco is not a health issue. I do not think that having price supports on tobacco encourages people to keep on smoking or encourages young people to smoke."

The Surgeon General is correct. And those concerned about health questions should face the fact that without the program the supply of tobacco will undoubtedly increase and the price of cigarettes will decrease. Is that the intent of this amendment?

Mr. Chairman, ending the tobacco program would not produce a major cost savings. The only costs associated with the tobacco program are the costs of operating the program—the administrative expenses for salaries, office space, telephone service, mailings and related matters. These are the same costs associated with the operation of any commodity program, a fact acknowledged in the Foley amendment to the 1981 farm bill. This legislation expressed the intent of Congress that the tobacco program operate at no loss to the Government, excluding administrative expenses.

The current tobacco program is not hurting the family tobacco farmer as the gentleman asserts, but without the program, these farmers certainly would be hurt. Without the program that allows the small farmer to stay in business, without production controls, we would soon see the proliferation of tobacco "super farms" that would drive the small farmers out of business, off the land their families have farmed for generations, and onto the welfare rolls and unemployment lines.

Mr. Chairman, tobacco production requires a stabilizing force to prevent destructive boom and bust cycles. The Federal Tobacco Program provides this stability.

The individual farmer can only try to influence the level of production on the farm. To improve farm income, the farmer tries to increase production. But with all farmers trying to increase production the aggregate impact is likely to be one of excess tobacco supplies. The demand for tobacco is not very responsive to price, so it takes a sharp drop in price to clear the market of excess supplies. Conversely, a shortage of tobacco will lead to a sharp increase in price as buyers compete for available scarce supplies. So tobacco farming is a boom and bust industry in the absence of some external supply stabilization. Small family farms cannot survive such price and income instability.

Without the tobacco program the structure of tobacco farming would change, leaving only large, highly mechanized farms. They would likely be corporate farms, supplying tobacco directly to the tobacco processors rather than for sale at auction markets.

Tobacco is a crop that can be grown on relatively small parcels of land, and most farmers in my area grow tobacco in addition to other crops. There are approximately 40,000 flue-cured farmers, 150,000 burley farmers, and 15,000 other types of tobacco farmers in tobacco-producing States.

This figure does not include the farm families that are not assigned allotments and quotas but work on tobacco farms—harvesting, curing, preparing for the market, and tending the fields. If this group is included, there are 600,000 farm families in this country that receive the major portion of their annual income from tobacco production.

The tobacco program enables a large number of small farms, utilizing large amounts of labor, to stay in business. Many of the farm operators and most of the family labor would have great difficulty finding any other paid employment.

The Federal Tobacco Program has been highly effective in stabilizing prices and providing employment for both hired and family farm labor. This has been accomplished at very little cost to the Government. In the 40-year history of the program, over \$5 billion has been loaned to tobacco producers. Ninety-nine percent of this amount has been repaid. The relatively modest losses on tobacco loans are less than in any other commodity program.

To take 1 year, fiscal year 1980, for example, losses for other commodity programs were: Feed grain, \$670 million; wheat, \$238,000; and dairy products, \$315 million. For tobacco, the figure was only \$136,000.

fit from its sales, marketing, distribution, and tax revenues of the product.

Please vote "no" on the Petri amendment.

Mr. MARLENEE. Mr. Chairman, I rise in opposition to this amendment.

Mr. Chairman, my producers do not raise tobacco, nor do they want the opportunity to raise tobacco. Some of my constituents smoke, and some of them do not. I happen to be one that does not.

I think the basic issue here for most of the Members of this body is, does it cost any money, and does it lend stability to a certain group of producers? I would like to address the ranking member of the subcommittee, my colleague, the gentleman from Kentucky [Mr. HOPKINS], and ask him a question.

Are the costs of this program self-liquidating?

Mr. HOPKINS. Mr. Chairman, will the gentleman yield?

Mr. MARLENEE. I am happy to yield to the gentleman from Kentucky.

Mr. HOPKINS. Mr. Chairman, it is the best commodity program, very frankly, that we have in Washington these days.

As an example, if the sponsor of this amendment is really interested in economics, perhaps he should devote his attention instead to dairy in his State where there is approximately \$2.5 billion worth of dairy products in Government storage. What has this product contributed to the Government?

Federal, State, and local tax revenues amount to \$9 billion a year. Tobacco and tobacco products add \$60 billion to the gross national product and provide 2 million jobs.

The CHAIRMAN. The time of the gentleman from Montana [Mr. MARLENEE] has expired.

Mr. PETRI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would just like to reiterate some facts about the \$64 billion in health costs, according to recent Government estimates, and point out that in fact the no-net-cost program certainly is not a no-net-cost program. I would like to expand on a few figures I mentioned at the beginning of this particular debate.

The no-net-cost legislation, so-called, was passed in 1982, and under that program growing assessments were supposed to cover the cost of the Tobacco Program except for \$15 million in annual administrative costs. But understated interest is not included in the cost. The Government lends money, as I said earlier, to farmers at simple interest but borrows at compound interest, and the U.S. Department of Agriculture inspector general has figured that understated interest costs are over \$164 million per year on the 1982 Flue-cured tobacco crop alone, and that similar amounts of understated interest are involved in the burley crop.

The Tobacco and Peanut Division of the Agriculture Department estimates that there are about \$50 million of understated costs in Flue-cured and a similar amount in burley. So we have somewhere between \$100 and \$300 million plus of unrecovered interest costs the Government has to pay but cannot recover from the growers under the assessments.

In addition, I would like to point out that there is another cost to the Government. The Government has an enormous and rapidly growing amount of tobacco in Government warehouses which everybody in the industry is painfully aware of, because there is a cloud hanging over today's producers because if that tobacco is ever released into the market, it could destroy their markets for several years.

How much tobacco is in Federal Government warehouses today? Three-and-one-half billion dollars' worth at what the Government paid for it. But there is no question that there is no way the Government could recover \$3.5 billion for that tobacco by selling it into the market. That figure includes 1976 through 1981 leftovers which we have not been able to sell for what we paid, as well as crops taken under loans since the no-net-cost program went into effect.

Mr. ARMEY. Mr. Chairman, will the gentleman yield?

Mr. PETRI. I yield briefly to the gentleman from Texas, yes.

Mr. ARMEY. Mr. Chairman, again I rise to state my support of the amendment, and I know that I may be casting myself a bit in the role as a villain here.

I do appreciate the good job the gentlemen from the tobacco-growing States have done in defending their States. There are a couple of points I would like to address. Yes, it is true that there are many people who are employed by the tobacco industry and who benefit from the tobacco industry, and there are many who enjoy the consumption. I do not dispute that.

What I am suggesting is that this legislation that is on the books that we are trying with this amendment to remove does differentiate and does isolate and freeze some people out of participation on the growing side and does create some monopoly advantage for others, and the market indeed would work if we were not involved in this, and it might very well work to provide greater earnings and greater advantage to a larger number of people, indeed greater enjoyment in the consumption of the commodity by a larger number of people at a lower price.

Mr. PETRI. Mr. Chairman, I thank the gentleman for his contribution.

Mr. ARMEY. Mr. Chairman, if the gentleman will yield further, I might address my second point, because somebody did indeed mention milk. My point is very simple. If we cannot start with this bill, we will never be able to move on to the milk and to the

eggs and to everything else that we get into in these kinds of programs, and eventually we have got to return the American economy to the control of the marketplace as opposed to the Government.

Mr. PETRI. Mr. Chairman, I reserve the balance of my time.

Mr. ROSE. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Virginia [Mr. DANIEL].

(Mr. DANIEL asked and was given permission to revise and extend his remarks.)

Mr. DANIEL. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Wisconsin [Mr. PETRI].

It is well to remind ourselves that the debate on this subject cannot achieve what many of its proponents contend are the principal reasons for instigating it:

It will not significantly reduce the number of smokers.

It will not cut off supplies to companies which produce cigarettes.

It will not solve the so-called health issue.

But, if this amendment were adopted, it would create many problems with which we would have to deal.

The tobacco program was created to stabilize the supply and demand of tobacco and assure producers a decent return for their production costs and labor. In large measure, it has accomplished this for nearly a half century. That the program is now beset by problems is as much attributable to the uncertainty, caused by these persistent attacks, as any other single factor.

Tobacco growers need to know where they stand.

They need to know how much it is going to cost to produce their product and how much they can expect to receive for it.

The need to know how much to produce and how much they will have to pay in assessments next year on unsold tobacco that goes under loan as a result of this year's sales.

Finally, they need assurance that what the Government decides the tobacco program will be will not come immediately under attack tomorrow.

In reality, what growers are seeking is the same objective they sought in the 1930's—stability.

If this amendment were to succeed—and there were no more tobacco program—there would be no allotments, no regulations, no price support mechanism and no adjustment procedures to determine supply and demand. In all probability, more tobacco would be grown, at least at first. Doubtless, there would be mass dislocations, among those who actually grow the tobacco but who do not have the wherewithal to produce it on their own.

Because land values on farms which have tobacco allotments would be drastically hit, no one knows what

stay in business year after year. I don't think we should pull the rug out from under these people. And frankly, I'm disappointed that we have to fight this battle over and over again.

We've worked out a Tobacco Program that works at "no-net-cost" to the Government. I know that the General Accounting Office has challenged that claim, but I submit that we have more appropriate forums for debating that issue. We should not add a new title to the 1985 farm bill to delete the program.

I think most of us are aware that both Houses have already reported legislation to solve problems associated with the Tobacco Program. These bills await consideration in both Houses. Let's give ourselves that opportunity to decide what we want to do about tobacco.

I know that many of the same arguments will continue to be made about the merits and demerits of using tobacco. But every poll I've seen shows that a phenomenal number of Americans already understand the issue. They already know the facts about smoking and health.

So we're not faced with the opportunity to change the smoking habits of Americans, we're simply talking about whether we're going to drive a huge American industry into the ground—along with thousands of small, family farmers throughout the South.

We're not even talking about cutting off imports of foreign tobacco. Cigarettes are still going to be available on every shop counter in the country. The volume of cigarette purchases will not decline—even if we should take that step. They might be Chinese cigarettes, but Americans will continue to smoke.

In eliminating the Tobacco Program, all we would accomplish would be to destroy an American industry and ruin American farms. The reason for that is there are so many small farmers who grow a diversity of crops; they can't predict where profit margins are going to be in any given year. Some years your money crop will be one thing; some years it will be something else.

Southern farmers have consistently found that tobacco is a cash crop that will allow them to take risks in other areas. They are a little more willing to diversify group production because they can be sure that tobacco will provide a little extra income. I say that we should not take this certainty away.

I ask my colleagues to support the Tobacco Program. I ask them to help us look for ways to make it better. But I plead: please don't pull the rug out from under small, family farmers throughout the South.

Mr. ROSE. Mr. Chairman, I yield 45 seconds to the gentleman from South Carolina [Mr. TALLON].

(Mr. TALLON asked and was given permission to revise and extend his remarks.)

Mr. TALLON. I thank the gentleman for yielding to me.

Mr. Chairman, I rise in strong opposition to the Petri amendment. Mr. Chairman, tobacco is the primary crop in my congressional district in South Carolina. Cash receipts from tobacco sales bring in over \$200 million a year. This, of course, is multiplied many times over as it circulates through the local communities. There are over 25,000 eligible producers in my district alone whose livelihoods depend on the continuation of the Tobacco Program.

The Tobacco Program is unique as it is financed at no net cost to the Federal Government through assessments paid by the growers. Therefore, it would be terribly unfair and unjust to have this voluntary program of supply management arbitrarily taken away from them.

Any amendments to change the Tobacco Program will first disrupt the orderly marketing process for this commodity. But a far greater disruption and tragedy will be in the small town economies and on the family tobacco farms that dominate my district.

Mr. PETRI. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. ARMEY].

(Mr. ARMEY asked and was given permission to revise and extend his remarks.)

Mr. ARMEY. I thank the gentleman for yielding me this time, and for yielding to me again. I know it seems irregular for somebody to speak twice on the same amendment. I guess the only reason I am doing that is I feel like the gentleman from Wisconsin, so badly outnumbered.

Let me just make a few observations. I have here a list of people, organizations that support this amendment. The United Tobacco Growers of Georgia, the United Tobacco Growers of North Carolina, the American Medical Association, Congress Watch, the National Taxpayers Union, Consumers for World Trade, Citizens for a Sound Economy, Council for a Competitive Economy, and others.

Now, if we examine the process, because the question I asked earlier is if indeed the public who so often perceive this as being the paramount example of schizophrenic Government policy, this program itself, if they have any accuracy at all, if Milton Friedman was right when he used it as his prime example of the Government being on both sides of every issue, then how is it we come to this, and we see the scenario being played out here today. One man rises with an amendment, an amendment to even tobacco growers, as opposed to perhaps people who own the allotments. The farmers that we have heard talked about here. People who have a larger concern with respect to the health of the Nation, and people who have a larger concern with respect to the taxpayers of the Nation, and people who have a larger concern with respect to the consumers of the Nation.

He represents them, but what do we find? He runs into then that large number of people who represent the particular interests represented by the bill.

This, I believe, is where we end up all too often. The general interest being underrepresented on this floor as compared to the public interest. Certainly I do not mean to criticize. Every member here who has spoken on behalf of defeating the amendment has been a responsible Representative of his district and that is indeed what we are sent here for.

I think we ought to examine the process, and understand how these laws can be passed.

The CHAIRMAN. The gentleman from Wisconsin [Mr. PETRI] has 6 minutes remaining, the gentleman from North Carolina [Mr. ROSE] has 4 minutes remaining, and the gentleman from Kentucky [Mr. HOPKINS] has 3½ minutes remaining.

□ 1315

Mr. ROSE. Mr. Chairman, I yield 45 seconds to the gentleman from Kentucky [Mr. HUBBARD].

Mr. HOPKINS. Mr. Chairman, I yield 30 additional seconds to the distinguished gentleman from Kentucky [Mr. HUBBARD].

The CHAIRMAN. The gentleman from Kentucky [Mr. HUBBARD] is recognized for a minute and 15 seconds.

(Mr. HUBBARD asked and was given permission to revise and extend his remarks.)

Mr. HUBBARD. Mr. Chairman, during debate on the gentleman from Wisconsin [Mr. PETRI's] amendment, I wish to submit for the record some pertinent numbers which highlight the importance of tobacco to our Nation.

There are 710,000 people directly employed in the United States through the tobacco industry in growing, processing, auctioning, marketing, distribution, and supplying. The level of compensation and salaries for these employees amounts to \$7.52 billion. This figure represents a taxable income which generates revenue for our Federal Treasury.

The issue of revenue, meaning taxes, is a subject on all our minds as we look for answers to our budgetary woes. Thirteen billion dollars was collected in the year 1983 in total taxes involving tobacco products. This can be broken down into \$4.8 billion collected by the Federal Government, \$4.2 billion in State and local taxes, and \$4.0 billion collected in corporate taxes.

Another important issue we are hearing about is the burgeoning trade deficit. I wish to point out that tobacco has a positive balance of trade payment (plus \$1.8 billion) on the world trading market. The United States is currently the leading exporter/importer of tobacco in the world.

I close with the fact that 23 States grow tobacco, while all 50 States bene-

For the sake of the small family farmers who grow tobacco and the businesses that depend on this crop, I urge my colleagues to reject this amendment.

□ 1305

Mr. ROSE. Mr. Chairman, I yield such time as he may consume to the gentleman from Georgia [Mr. ROWLAND].

(Mr. ROWLAND of Georgia asked and was given permission to revise and extend his remarks.)

Mr. ROWLAND of Georgia. Mr. Chairman, I rise in strong opposition to the gentleman from Wisconsin's amendment to terminate the Tobacco Price Support Program.

As a physician who is a Member of Congress representing a tobacco-producing district, I believe the issue before us today is an economic issue involving our small family farmers and rural communities, not a health issue. We have heard this debate over and over again. It is my belief that total termination of the present tobacco program would not stop one single cigarette from being manufactured, sold, or smoked. Our purpose in considering the farm bill before us today is to help our farmers, but this amendment offered by the gentleman from Wisconsin would not increase the profits to our farmers. And for our smokers, this approach is not going to deter them from smoking.

I am certainly not going to stand before you today and say that we have no problems in the tobacco program because we do. Mr. Speaker, our tobacco markets recently closed in Georgia, and the results are not good. This year's marketing season yielded very little profit, in fact, many have stated that they can't remember when there was so little profit in tobacco. With this in mind, let me say that I look forward to working with my colleagues on the Subcommittee on Tobacco and Peanuts to address these concerns legislatively in order to make it profitable for a tobacco producer to continue to produce tobacco.

Mr. Chairman, let me reiterate my opposition to this amendment primarily because of the devastating impact that it would have on my tobacco farmers back home. This is not the time to stop helping them now. My farmers who produce tobacco, a commodity which is under constant attack, deserve a break and the right to continue producing this crop which is so vitally important to their livelihood and to the Eighth Congressional District of Georgia.

Mr. ROSE. Mr. Chairman, I yield 1 minute to the gentleman from Georgia [Mr. THOMAS].

(Mr. THOMAS of Georgia asked and was given permission to revise and extend his remarks.)

Mr. THOMAS of Georgia. I thank the gentleman for yielding me this time.

Mr. Chairman, I think if the Members of this House were to think for a moment, and perhaps even all of those gathered in this room here, we would realize that we are not about to pass a law in this country that will make it illegal to consume tobacco products or smoke. Certainly if we did it here, we

are not going to do it around the world. That says that for some time to come, there is going to be a need, a demand for tobacco produced.

Certainly I think it follows then that it would be in the best interests not only of consumers here in this country but abroad, that that tobacco be produced in this country where we do have certain regulations as to chemical usage and set standards of production in this country.

That is done through this program and that is what we need to realize, what the tobacco program is. It is something that gives a little continuity and regularity to farmers producing a very high-risk, very complex, very high-cost crop, and that is all that it does. Even working at its best, it has its problems. We are addressing those issues, those of the nongrowing allotment holder are being addressed. That is being phased out.

I ask the Members of this body, give very careful consideration, before, at this time, a very pressing time in the agricultural community, that we add uncertainty to a program that has given certainty and stability and provided the farmer with only about a nickel out of that dollar pack of cigarettes.

Mr. HOPKINS. Mr. Chairman, I yield 1 minute to the gentleman from South Carolina [Mr. CAMPBELL].

(Mr. CAMPBELL asked and was given permission to revise and extend his remarks.)

Mr. CAMPBELL. I thank the gentleman for yielding to me.

Mr. Chairman, I rise in opposition to the Petri amendment. The arguments have been made about the economic problems in the farm community. If you want to exacerbate those problems, then pass this amendment. I think that that is the first thing.

What about the people that bought the land? What about the people that have paid higher property taxes because of the allotment that is on the land? You are taking away their wealth. What about the farm credit system itself that has to depend on the quotas because of the loans that they have made? You are going to destabilize that even further. Are you willing to take that kind of risk? I hope not.

As a matter of fact, the argument has been made if we destabilize it and we eliminate all of this program, then in fact we do exactly what the gentleman is hoping we do not do; that is, that we make smoking cheaper and we probably get more to smoke in the process. This amendment should be defeated.

Mr. PETRI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would just remind the preceding speaker that we have dealt with the subject of deregulation or eliminating these sort of economic licenses in the past, for example, when we passed legislation allowing for trucking deregulation. There are many

companies around the United States that carried these cartage licenses on their books at millions of dollars of asset value. Those were wiped out overnight. They were not compensated for that. They have never paid for those licenses to the Federal Government. Sometimes they did purchasing them from other trucking firms.

The result has been an improvement in the economics of shipping for a lot of people. I would also like to mention that this amendment is supported by a whole range of organizations, health organizations, taxpayer groups, and farmer organizations. For example, the United Tobacco Growers of the State of Georgia have endorsed this amendment as have the United Tobacco Growers of North Carolina. The American Medical Association, an organization made up of health specialists. The American Lung Association, one of our leading organizations made up with voluntary contributions to try to fight lung cancer. Action on Smoking and Health, known as ASH. The American Medical Students Association have endorsed it as have the American School Health Association. An organization called Congress Watch. The National Taxpayers Union. Consumers for World Trade. Citizens for a Sound Economy. The Council for a Competitive Economy, and the American Public Health Association.

Mr. Chairman, I reserve the balance of my time.

Mr. ROSE. Mr. Chairman, I yield such time as he may consume to the gentleman from Virginia [Mr. SISISKY].

(Mr. SISISKY asked and was given permission to revise and extend his remarks.)

Mr. SISISKY. I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in strong opposition to the amendment. I plead with my colleagues: Please do not pull the rug from under the small family farms.

Mr. Chairman, I rise in opposition to amendments that would eliminate the Tobacco Program. I'll make no secret of the fact that this program has been important to farmers in my district and throughout Virginia.

Not only is the Tobacco Program important to tobacco farmers, it is critical to our State's economy. Tobacco production and processing is one of the largest employers in Virginia. Ending the Tobacco Program would put thousands of people in Virginia out of work.

But I'm not here to talk about tobacco production in terms of jobs. I want to point out how critical this program is to thousands of small, family farmers throughout Virginia, North Carolina, Kentucky, and other States in the South.

This is the cash crop that provides the profit margin, in many cases, that allows thousands of family farmers to

people choose to smoke, some one is going to grow that tobacco. The question then arises of who will grow that tobacco. Will it be grown by the 200,000 farmers, mostly family farmers, across 21 States of our country? Or will it be grown by the large, corporate farms?

On that issue, the facts are clear. If we were to end the production controls under the Tobacco Program, the large, corporate farms would be able to grow as much tobacco as they wanted. They would use economies of scale that would quickly drive our smaller farmers out of business.

And the end result wouldn't be any less tobacco smoked. It would just mean that it would be grown by large farms instead of small, family farms.

Third, our opponents argue that if the tobacco program were eliminated, these small farms could grow other crops.

Mr. Chairman, I wish this were true. Unfortunately, these tobacco farms are very small. In my area, most of them are only about one acre. There simply aren't many other crops which can replace this tobacco income on such small acreage. Adding to the problem is the fact that much of our tobacco is now grown on steep, mountainous land which is not suited to other crops.

We are actively searching for new crops in our area. Recent appropriation bills have included programs to conduct market research and cropping activities in the tobacco belt. In addition, this bill includes a provision requiring USDA to support new crop development. These efforts to identify new and suitable crops are promising. But if our Tobacco Program is eliminated, our smaller farmers will be run out of business before we have a chance to develop additional crops for the Tobacco Belt.

The opponents of the tobacco program argue that there would only be a minimal impact if the program were eliminated. Nothing could be further from the truth.

First, we would face increased tobacco production and probably somewhat lower cigarette prices. It is important to point out that this is exactly the opposite of what many of the antismoking groups might actually intend.

We would find increased concentration of tobacco production among large, corporate farms.

We would have increased unemployment, as these smaller farmers are run out of business and confront limited off-farm employment in some of these rural areas.

We would have increased welfare costs, as these hard-working tobacco farmers lose this important source of income.

We would have serious effects on the farm credit system. Farm Credit Administration officials have told me that they estimate Kentucky land values would likely fall 30 to 35 percent if the program were eliminated and tobacco allotments were lost.

Farm Credit officials appearing before the Appropriations Committee earlier this year affirmed that such a decline in land values would increase the risk to PCA's, lead to greater PCA losses, and expose the farm credit system to quite a bit of danger. This could affect all taxpayers, putting the troubled farm credit system under even greater difficulty.

And there would be a similar impact on the commercial banking sector throughout the Tobacco Belt. We could expect to see increased foreclosures and a serious loss in many banks' deposit base.

In short, ending the tobacco program would cause cruel hardship for many farm families and would cause financial upheaval and chaos throughout the Tobacco Belt of our Nation.

Finally, Mr. Chairman, many of our opponents have pointed to problems in the current Tobacco Program. We do have some problems that need to be ironed out. But the fact remains that the Federal Tobacco Program has a 50-year record of good, strong success. The losses have been miniscule and it has succeeded in meeting the goals of stabilizing farm income and production. And despite our opponents' contentions, the growers continue to support the Tobacco Program as they have consistently in the referendum, approving its continuation by overwhelming majorities.

You don't solve a head cold by cutting off your head. You shouldn't solve relatively minor problems in an important and successful Tobacco Program by killing the program. Mr. Chairman, as long as people smoke, the Tobacco Program is the best way to stabilize production and save our small, family farms. I urge my colleagues to oppose the Petri amendment.

Mr. ROSE. Mr. Chairman, I yield 1 minute to the distinguished gentleman from North Carolina [Mr. JONES].

Mr. JONES of North Carolina. Mr. Chairman, I rise in strong opposition to the amendment before us. It is not the first time it has been here. It was here 2 years ago, 3 years ago, 4 years ago. And the House in its wisdom rejected the amendment, which I have every hope that they will today.

Let us see what happened. In 1947 or 1948, the farmers themselves voted out the so-called controlled program. That year, they received less than 50 percent of the average of the year before. Obviously, farmers immediately, as soon as possible, voted the program back in.

I would like to emphasize that. That is exactly what would happen if this amendment should prevail. The southern farmers, many of whom are deeply in debt at the present time, could expect to receive next year 50 percent more or less than they receive at the present time.

Mr. HOPKINS. Mr. Chairman, I yield 1 minute to the distinguished gentleman from North Carolina [Mr. COBEY].

Mr. COBEY. Mr. Chairman, I rise in strong opposition to this amendment, also. This is an economic matter for small farmers we are talking about, not a health issue. There are many people in my district who are concerned about the health consequences of smoking. But this does not have anything to do with the health consequences of smoking. In fact, if you are concerned about that, I say that it argues for a controlled program like our tobacco program rather than

against it. If we throw out this tobacco program, we are going to see tobacco grown in everybody's backyard. So I simply want to urge the Members to vote no and help our small farmers survive a difficult crisis that they are in and continue to diversify their crops.

Mr. Chairman, there are two points I wish to make in this debate. First, abolishing the Federal No Net Cost Tobacco Program will not cause anyone to stop smoking. In fact, such a move could reduce cigarette prices and cause more people to start smoking. The Tobacco Program may therefore be keeping Americans healthier. I believe the Surgeon General has made this point before.

Second, the Tobacco Program allows small family farmers to diversify and plant food crops. Thus, the Tobacco Program helps us provide needed food while also preserving the small family farm.

Consider this: There are 6 million acres of tillable land in North Carolina. Tobacco is grown on only 265,000 acres of that land—less than 4.5 percent of the total. Yet, tobacco, according to the North Carolina Department of Agriculture, brings in about one-third of the State's agricultural income.

Tobacco can give a farmer a \$2,000 per-acre return. No other crop can do that.

The former head of the economics department of North Carolina State University, Dr. W.D. Toussaint, examined what this means to the average farmer. His analysis shows how the Tobacco Program allows farmers to diversify and grow plant crops.

Dr. Toussaint took three optimum farm plans for a 100-acre farm in North Carolina.

His first plan is a 100-acre farm with 20 acres of tobacco and 80 acres of wheat and soybeans. That farm produces a net revenue of \$50,000.

Under the second plan, the farm grows no tobacco, just 100 acres of wheat and soybeans. The net revenue drops all the way down to \$17,000.

The third plan is to grow vegetables—18 acres of broccoli, 13 acres of peppers, and 12 acres of sweet potatoes—along with 55 acres of wheat and soybeans. The farm's net revenue is \$35,000. That is far less than what the farm could make by producing a few acres of tobacco.

Tobacco allows farmers to diversify. And the Federal Tobacco Program allows American tobacco farmers to operate in a much more stable and predictable environment than they would otherwise.

Yes, the No Net Cost Tobacco Program is experiencing difficulties now. But I am confident that we will be able to work out those problems.

I should remind my colleagues that the tobacco program, supported by the producers themselves, helps bring in \$22 billion each year in Federal, State, and local taxes.

I believe Mr. PETRI's amendment would rip the rug out from thousands of small family farmers. It would not cause anyone to stop smoking, and it would deprive farmers of a valuable cash crop that allows them to diversify.

was a Member at that time said. "We need help. Chrysler needs help."

Down where I come from, Mr. Chairman, it would have been right easy to have turned my back and walked away. We do not live in that kind of a country. And I say that to you, frankly. My vote on the city of New York, in the State of Washington, in the State of Michigan, are votes that I am proud of and this is the way I would vote today. That is the kind of country we live in, Mr. Chairman. We need your help. We ask you to defeat this amendment.

Mr. HOPKINS. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina [Mr. COBLE].

Mr. COBLE. I thank the gentleman for yielding.

Mr. Chairman, the gentleman from Wisconsin submits an amendment that is laced with deception if its intent is to eliminate tobacco from the face of the Earth. Removing production quotas would simply accelerate the path to increased production, affording greater supplies, that would mean cheaper tobacco for manufacturers and consumers. No other price support program known to me is designed by law to be no cost to the taxpayer, as is the case that we are discussing now. The growers foot the bill, not the taxpayers.

The gentleman from Wisconsin alluded earlier to the matter of absentee farming. This matter is already being addressed under current law and in a gradual and orderly manner is being terminated.

Mr. Chairman, this is not the time or place to tamper with tobacco. If it needs to be done, let the Agriculture Committee do it, but it does not need to be done in a matter of 60 minutes.

Mr. PETRI. Mr. Chairman, I yield myself such time as I may consume, and I would like to enthusiastically agree with the previous speaker's last comment. If something is to be done with the Tobacco Program, let the Agriculture Committee, not the Finance Committee or the Appropriations Committee or some rider bill or the Ways and Means Committee do it. But, unfortunately, while no one is really defending the existing Tobacco Program we have on the books, the Agriculture Committee has not come forward with a program in this bill to get us out of the pickle that the tobacco producers and that whole industry is currently in. They are hoping, I think, to do it in a different forum and in a different way.

Mr. ROSE. Mr. Chairman, will the gentleman yield on that point?

Mr. PETRI. I yield to the gentleman from North Carolina.

Mr. ROSE. As the gentleman knows, the Tobacco Program is not part of the farm bill because it was permanently authorized legislation. But the gentleman does know that in the other body there is moving a bill that would make drastic changes in the—

Mr. PETRI. Excuse me. This is in the Agriculture Committee in the other body?

Mr. ROSE. The Agriculture Committee has jurisdiction over tobacco.

Mr. PETRI. But it is not moving in the Agriculture Committee, as I understand it.

Mr. ROSE. It has not moved in the Agriculture Committee, but I have moved a 1-cent tax piece of legislation through the Ways and Means Committee, with their good help, and hope to bring it to the floor and have a conference in the very near future, where we hope that some further streamlining of the Tobacco Program will take place, including some reductions in the price support level.

So while we are not addressing it here today—and I thank the gentleman for yielding—I would say to him that we are planning to address the kinds of problems the gentleman is discussing.

Mr. PETRI. I appreciate the gentleman's contribution. I would only say that I hope, when all is said and done, that the 1 cent an effort is being made to reserve from the cigarette tax for the Tobacco Program and the growers and the industry generally ends up being used to pay for the cost that is left over after the existing program is abolished rather than for perpetuating and making even worse the imbalances that gradually have developed over the years, particularly in Flue-cured tobacco.

I would just like to take a minute here to point out what those imbalances are. In fact, in Flue-cured tobacco, a young farmer talked to me about his cost of production. He was up here lobbying for this amendment to get rid of the program that he feels is shackling him. Under the Federal Tobacco Program, the average support price he is getting is \$1.65 per pound. His cost of production averages about \$1 per pound. Sounds pretty good. His profits before the Federal Government cost, 65 cents a pound. But in 1984, his average allotment rent was 35 cents a pound he was paying to someone else because of the Federal Government saying, "You can't just grow tobacco, you have got to have a permit." And then he had a no-net-cost assessment. He had to pay into the coffers of the Federal Government an additional 25 cents plus warehouse charges of 6 cents. His profit? Sorry, no profit. He lost a cent a pound growing tobacco.

Mr. Chairman, I reserve the balance of my time.

Mr. HOPKINS. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky [Mr. ROGERS].

(Mr. ROGERS asked and was given permission to revise and extend his remarks.)

Mr. ROGERS. Mr. Chairman, like the others, I rise in strong opposition to this amendment today, for these reasons: We hear every day, "What about this subsidy for the Tobacco Program?" Mr. Chairman, there is no

subsidy for the Tobacco Program. The farmers pay for it themselves. It is the only commodity program where the farmers pay for it. The taxpayers do not pay any subsidy for the Tobacco Program.

We hear that we should encourage people not to smoke. Go ahead and do that. The Tobacco Program does the same. By limiting the amount of tobacco grown, you encourage people not to smoke because you raise the prices of cigarettes on the market. If you want to encourage people to smoke, I would say to the gentleman from Texas and the gentleman from Wisconsin, then do away with this program, let all of the tobacco be grown that wants to be grown, and you will find people smoking for 15 cents a pack, if that is what you want.

We hear that these farmers can grow something else, these small 1-acre tobacco-patch farmers in Kentucky and in southern Appalachia of this country. I say to you that these are tiny farms. The average allotment is under 5 acres. Twenty percent are below 1 acre. In my district there are 40,000 allotments, more than anywhere else, an acre or less. What shall these farmers do? Go on welfare? Draw food stamps? Or what?

Now they are attempting to find other crops to grow, cabbage, lettuce, tomatoes, and others, and we are encouraging that. It is happening, but it is going to take time.

Do not cut their heads off before they have a chance to diversify. I urge that we defeat this amendment overwhelmingly today. The opponents of the program say there would be a minimal impact if the program were eliminated.

Mr. Chairman, the opponents of the Tobacco Program have made many allegations about the Tobacco Program, and I would like to take this opportunity to set the record straight.

They have argued that the Tobacco Program is a subsidy.

This argument is absolutely false, since the no-net-cost law was implemented in 1982. Under that law, tobacco growers pay fees to cover any losses which the Government might otherwise incur under the loan programs. So the Government is not paying for any losses under this program.

I would like to point out that tobacco is the only program where the growers pay for their program in such a manner.

Second, our opponents argue that the Tobacco Program is in some way related to the health issues about smoking.

Again, this argument is absolutely false. The Tobacco Program does not encourage a single person to smoke. Nor does the program encourage tobacco production. On the contrary, it limits how much tobacco is produced. Under the program, just since 1982, domestic production has been reduced by 20 percent because of changed market conditions.

The issue of the Tobacco Program is not a health issue. It is an economic issue. Because the fact remains, that for as long as

public at large looks at us and thinks that perhaps we do not know what we are doing up here.

Let us take a world that is free from policy-regulated tobacco. If indeed we have no Government policy, we would look to areas such as North Carolina and we would find that there is a natural climatic circumstance where we could raise tobacco and really quite good quality tobacco. And in those circumstances, anybody who chose to raise their tobacco would be free to do so, not forced but free to do so if they so chose. Then of course they could take that baled tobacco and they could sell it on the market. On the other hand, there are many people across the Nation and indeed abroad who find uses for the tobacco, enjoy the product.

They are free within a free market to buy that from whatever processor or manufacturer of final product can give them the product that has the greatest appeal to them, whether it be a domestic or international producer.

It seems to me that we have a wonderful circumstance here. Everybody does what they choose to do, pursuing their own self-interest whether they like it as a consumer or not.

Now enter the Government. The Government says with this program, "We like people who produce tobacco." That is to say, "We like some people who produce tobacco. We think some people ought not be allowed to produce tobacco."

What is the difference? Are some people who produce tobacco inherently good and others inherently evil? I do not know. But we will give an allotment to some people. And if indeed you choose to produce tobacco without an allotment, a license from the Government, an exclusive right, then you might be able to make a deal with somebody who has been given that privilege by the Government. Is it not wonderful how the Government gives us privileges by taking privileges away? Then we could negotiate then the purchase of that right from somebody else. That limits the amount that is produced, and the price goes up.

Then as the price goes up, we find our domestic producer who is less able to compete with foreign nations who might want to export to our consumers. But we muddle through. Now comes the consumer. He has made a decision, he or she, that, "I like to enjoy this product in a variety of forms." And they go to the manufacturer, and they say, "I would like to enjoy purchasing and consuming this product." But the Government says, "No. Even though we like to see that tobacco produced and for those favored people to whom we gave the permanent right to do it at a profit. We do not think it is good for you to consume it. Why then would we want to encourage people to produce it if we do not want people to consume it?" So we impose a tax on it, trying to encourage them to consume less. We

impose all kinds of Government regulations such as the stamp on the package that warns us that it is bad for you, the consumer. And it goes on, and on, and on. We now have to fund research into the harmful effects of it and warn the consumer.

Mr. Chairman, it is no wonder that the public thinks we are out of hand, we are out of line. I oppose a continuation of this program, not with respect to what is best for the producer, or for the grower, or for the consumer, I believe they are capable of making these decisions for themselves. I oppose it because it stands as a paramount illustration of how absolutely silly Government can be when it determines that it must meddle in an area where the market would operate fine without its meddlesomeness, and as it turns out in the process, to do nothing other than redistribute wealth from the less favored to the more favored.

Mr. Chairman, I think it is time that this body get a hold of itself and use this example as the place to stop this kind of bad policy.

Mr. HOPKINS. Mr. Chairman, I yield 2½ minutes to the dean of the Kentucky delegation, the gentleman from Kentucky [Mr. NATCHER].

Mr. HEFNER. Mr. Chairman, will the gentleman from Kentucky yield to me?

Mr. NATCHER. I yield to the gentleman from North Carolina.

(Mr. HEFNER asked and was given permission to revise and extend his remarks.)

Mr. HEFNER. Mr. Chairman, I rise in strong opposition to this amendment.

[Mr. HEFNER addressed the Committee. His remarks will appear hereafter in the Extensions of Remarks.]

Mr. NATCHER. Mr. Chairman, I rise in opposition to this amendment. The Second Congressional District that I represent contains 18 counties, Mr. Chairman. Every one of the counties in my district produces tobacco.

□ 1250

In Kentucky we have 120 counties. They all produce tobacco with the exception of three or four.

I want all of the Members of the Committee to know that adoption of this amendment does not prevent the production of tobacco. It will not stop the production of tobacco.

As most of you know, tobacco is a controlled program controlled by an allotment program under the operation of the Department of Agriculture and under the farmers who produce tobacco. Adoption of the amendment that is now before this Committee, Mr. Chairman, would simply mean that tobacco would be produced in every backyard and on every hillside. Instead of 532,320 allotments on 891,000 acres, we would have several million acres of tobacco produced. Approximately 72 percent of Kentucky tobacco farmers depend on tobacco for at least 50 percent of their

gross sales. Seventy-six percent of Kentucky tobacco farmers have a net annual income of less than \$10,000. Forty-seven percent of Kentucky tobacco farmers have an annual total family income of less than \$20,000. Farmers in the 25 States that produce tobacco and farmers throughout this country are suffering serious financial losses and problems, as the Members know, at this time.

Mr. Chairman, for a period of 30 years I have served on the Agriculture Appropriations Subcommittee with the dean of the Congress, my friend, JAMIE WHITTEN, of Mississippi. All down through the years, we have tried to make this program a reasonable program and one that would operate. This has been a successful program in operation now for a period of 30 years that I know about, and it started in 1933.

Mr. Chairman, in addition to serving on the Subcommittee on Agriculture of Appropriations, I serve on the subcommittee that appropriates the money for the Department of Labor, Health, Human Services and Education, and I know, Mr. Chairman, that all matters that come before that committee, smoking and health, the National Cancer Institute, all of the matters that come before the committee pertaining to health that I am chairman of, not 1 penny reduction have we made, Mr. Chairman, the National Institutes of Health when I started was \$82 million. Now it is \$5,230 million.

Mr. Chairman, we have States and cities at times that need help. We need help at this time. We ask every member of this subcommittee to help us.

I sat in the chair that the distinguished gentleman from Michigan sits in today when we had two resolutions up for the city of New York. They do not produce tobacco in New York City, but this is one of the greatest cities in the world, Mr. Chairman. They needed help at that time. I presided over this Committee and this House on two occasions when they were before us. Those resolutions were only to help the city of New York temporarily get their finances in order, which they did, and it never cost this Government 1 dime.

Mr. Chairman, in the State of Washington they do not produce any tobacco. That State was before this Committee asking for help when Mount St. Helens erupted with the amount of \$784 million requested. I at that time was chairman of another subcommittee where we had a bill before this Congress. We put the amount requested in the bill. It was an emergency and certainly we did not turn our backs on this great State.

Mr. Chairman, in addition to that, the great State of Michigan, the State that the chairman who presides today lives in, and I remember the day when they came before the House. The present Governor of the State who

the same time they would reduce the income of tobacco farmers.

Now if we are going to set some priorities here, aside from aiding farmers which I am for and which this program does, we ought to take the side that discourages smoking and discourages excess profits for the tobacco companies. Especially if that is what I understand most people say they want to do. If you are in favor of doing those things, you should vote against the amendment, not for it. You should vote to keep the Tobacco Program, not eliminate it. The Tobacco Program raises the price of tobacco for the benefit of the tobacco farmers and charges that cost to smokers. The program makes smokers pay more for tobacco than they would otherwise have to pay. When I was a smoker I thought it was all right that I pay more. So the last thing the Tobacco Program does is to encourage smoking because all the studies show that if the cost of tobacco goes up some people stop smoking. The other alternative would be that if tobacco was cheaper it might allow the tobacco companies to make larger profits, but this doesn't seem to me to be of any great interest to those who are in favor of nonsmoking.

It could be argued that the Tobacco Program, like tobacco taxes and like alcohol taxes, discourages people from using the product, rather than encouraging the use of the product. To the extent the Tobacco Program has any effect, it should discourage the use of tobacco. Its principal purpose is to help tobacco farmers, and by doing that you do not promote smoking.

So let us get the priorities straight. This program has been an antismoking program rather than a prosmoking program; it has been a profarmer program rather than a protobacco company program. I think we ought to keep the program and reject the amendment of the gentleman from Wisconsin.

The CHAIRMAN. The gentleman has consumed 3 minutes.

Mr. PETRI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would just like to respond to the previous speaker by saying that we can well handle the decline in the cost of tobacco by raising the cigarette tax and using it for the General Treasury if we are worried about the fact that we would eliminate some cost for tobacco farmers and bring domestic prices in line with world market prices if we were to get rid of the Federal Tobacco Program. And well we should consider doing so because the Office of Technology Assessment of our Federal Government just recently, just last month, released a study that states that the health and social costs of smoking in our United States total about \$64 billion a year, which is an astronomical figure. That works out to about \$2 for every pack of cigarettes sold, the social cost of smoking. So if that estimate is cor-

rect, we spend 16 times as much money coping with smoking as we get from the cigarette tax that we now have on the books.

Mr. Chairman, I reserve the balance of my time.

Mr. ROSE. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina [Mr. WHITLEY].

(Mr. WHITLEY asked and was given permission to revise and extend his remarks.)

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. WHITLEY. I yield to the gentleman from Minnesota.

Mr. STANGELAND. I thank the gentleman for yielding.

Mr. Chairman, I think the point that the gentleman from Wisconsin makes we probably all would agree: There is a health hazard to smoking. We recognize that. There is a cost to smoking. But adopting the gentleman's amendment is not going to eliminate that cost; it is not going to eliminate that hazard.

We are going to be producing tobacco. The tobacco companies are going to be selling cigarettes, and it is going to be with us whether you pass the gentleman's amendment or not.

All you are going to do, as the gentleman from North Carolina and this gentleman will point out, I am sure, is to allow the tobacco companies to get their tobacco cheaper, and they are going to make higher profits, and the problem is going to be with us. What this amendment will do, it will hurt, it will cripple a lot of small tobacco farmers in this country.

Mr. WHITLEY. I thank the gentleman for his understanding and his contribution.

Mr. Chairman, I would just like to add that if the gentleman from Wisconsin were correct, if this program were so bad for the growers, if it were so bad for the economy of the area, if it was so bad for the economy of the country, if all of these things he is trying to prove with statistics came out of some university professor's head, if that were right, it would be rather curious when the growers vote, as they do every 3 years, in the Growers' Referendum, over 90 percent of them have voted in favor of the program every single time. If this program was as bad for the growers as he says it is, that would not happen.

Smoking and health, it does not address in the slightest.

If we ended the program and the gentleman's amendment were adopted, it would not stop one single cigarette from being manufactured, sold, or smoked. It does not touch that in any way. Should we subsidize tobacco? No. We have admitted that. We have gone to a no-net-cost program—we are still in the process of implementing it. And if we get any losses, they are not going to come from the tobacco that was grown and sold since that program went into effect; it is going to be in the stock before that.

So the argument that the gentleman makes might have been applicable to some earlier time, but they are not applicable now.

Mr. HOPKINS. Might I inquire of the Chair about the time remaining?

The CHAIRMAN. The Chair will advise the gentleman there are 12 minutes remaining for the gentleman from Kentucky [Mr. HOPKINS], 9 minutes for the gentleman from North Carolina [Mr. ROSE], and 17½ for the gentleman from Wisconsin [Mr. PETRI].

Mr. HOPKINS. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina [Mr. BROXHILL].

Mr. BROXHILL. I thank the gentleman for yielding.

Mr. Chairman, I just wanted in the very little time allotted to me to refer to remarks made yesterday on this floor by the gentleman from Michigan [Mr. CONYERS]. He was referring at that time to other farm programs, but he was posing the question as to what would be the result if we made such drastic changes in these programs that it would result in mass migration of people off the farm into the cities and the enormous cost that would result as a result of that. I think he hit the point that I want to make. Thirty thousand tobacco farmers just in North Carolina alone. When you talk about through the whole growing area, there are many, many thousands, at least over 100,000 farm-related jobs alone. The amendment that the gentleman from Wisconsin is advocating would have a devastating effect on that farm economy. They are having a hard enough time as it is up there.

Mr. Chairman, I urge a "no" vote.

Mr. PETRI. Mr. Chairman, I yield 5 minutes to my colleague from Texas [Mr. ARMEY].

(Mr. ARMEY asked and was given permission to revise and extend his remarks.)

Mr. ARMEY. Mr. Chairman, I would like to thank the gentleman from Wisconsin for yielding time to me. I would also like to thank him for preparing this amendment.

Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, we do not always have such a good reputation in this body with respect to the people that I talk to outside of this body. I am sure other Members have run into it.

I remember one day myself having watched this body for many years. I fell into the habit of referring to the folks that reside in this town and work here as "those danged fools in Washington." I remember the other day I was watching C-SPAN, and I referred to my wife and said, "Well, now, look at what those danged fools are doing."

She looked at me and said, "Honey, you are one."

That was a little discouraging. But this program is a perfect example of where we go wrong, and perhaps the

So I urge my colleagues to support this amendment and I reserve the balance of my time.

The CHAIRMAN. The gentleman from Wisconsin [Mr. PETRI] has consumed 9 minutes.

Mr. ROSE. Mr. Chairman, I yield myself 1 minute.

I hope that my colleagues saw the Washington Post over the weekend and observed the feature story in the business section of the paper which talks about, "Tobacco Firms Step Up Efforts to Diversify."

In the article it says: Notwithstanding diversification the tobacco business stands out as a cash cow among other businesses controlled by the industry. The business is the source of 90 percent of the industry's operating income.

My friends, to vote for the Petri amendment would be to send the tobacco companies happily smiling all the way to the bank; they can get their tobacco cheaper this way.

Now I understand that people in my colleagues' persuasion like to get things from growers just as absolutely cheaply as they can. Do we want to control the production of tobacco? Help the American tobacco grower make a decent profit? We are running this program at no cost to the taxpayer; we are not receiving a subsidy; the farmer is subsidizing his own program. Listen to the comments of Members that we are going to hear this morning from areas that grow tobacco, see how they feel.

I urge the defeat of the Petri amendment.

Mr. HOPKINS. Mr. Chairman, I yield myself such time as I may consume.

(Mr. HOPKINS asked and was given permission to revise and extend his remarks.)

Mr. HOPKINS. Mr. Chairman, the gentleman from Wisconsin [Mr. PETRI] speaks of hurt today. My farmers, very frankly, are tired of sitting around wondering who up here is going to hurt them next.

Mr. Chairman, I rise in opposition to the amendment.

The gentleman from Wisconsin has indicated that this amendment:

First, will save the Government money;

Second, will save the tobacco farmers; and

Finally, the author of this amendment has indicated that it will discourage smoking.

I submit that this amendment would fail miserably to accomplish any of those goals.

First, it would add billions to the deficit. Tobacco farmers are currently responsible for losses on tobacco. If this amendment passes, that burden will be transferred to the taxpayers who don't raise tobacco.

Second, it would spread the epidemic of farm depression from the grain farmers of the Midwest to the tobacco farm families of the Southeast who are already in trouble.

Mr. Chairman, we hear of the looming crisis of the farm credit system. Kentucky currently has the lowest delinquency rate in the Nation. Why? Because of the stable income from tobacco. This amendment jeopardizes the credit situation in Kentucky and 15 other Southeastern States.

Finally, for those who are genuinely concerned, this amendment will not stop one person from smoking.

All it will do is make sure that Americans smoke foreign-grown tobacco instead of American tobacco.

Look at the glaring inconsistency of this proposal.

With one hand, the author points a finger of condemnation at us for having a surplus of tobacco.

But with the other hand, he offers an amendment to abolish all production controls.

And that, Mr. Chairman, would give the major cigarette manufacturers absolute market control, because the tobacco farmer really only has two primary buyers when he sells his crop each year.

Mr. Chairman, this amendment does not save the Government money.

Mr. Chairman, it certainly doesn't save tobacco farmers.

Mr. Chairman, and it will not discourage smoking.

This amendment is not the answer.

It is the wrong approach at the wrong time.

It starts from the wrong premise and arrives at the wrong conclusion.

I urge my colleagues to defeat this amendment.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from Kentucky [Mr. HOPKINS] has consumed 3 minutes.

Mr. PETRI. I yield myself such time as I may consume.

Mr. Chairman, I would like to respond to a point that was made by my colleague from Kentucky, my friend [Mr. HOPKINS], and that is on the question of trade. The facts are just the opposite, Mr. Chairman.

The existing program, because we do not have trade barriers, we have an open market on tobacco, forces the American producer to market his crop at a higher price than the foreign producer. If someone is growing tobacco in Brazil or Central America or Rhodesia, they do not have to pay an assessment to that government, and they do not have to pay allotment rent to an absentee owner.

If someone is growing tobacco in North Carolina, they have got to pay an assessment per pound on the tobacco they grow and they have to pay allotment rent. So naturally they cannot come out; or American tobacco has to be marketed at a price higher than the world market price, driving purchasers to purchase on the world market rather than in the United States.

The figures bear that out. Since 1975, under the current tobacco program or predecessors to it, America's

share of the world trade in tobacco has slipped from 40 percent of tobacco shipped internationally to 12 percent of the world market. One-third of what it was 10 years ago.

Because of foreign subsidization? Because of foreign attacks on our market? No. Because of an American program that has raised the price of American producers above their foreign competitors. World production and consumption have steadily increased while in America, production has steadily fallen.

Since 1975, imports have tripled into the United States. Imports used to be slightly less than 10 percent of domestic consumption in the United States; now imports account for 30 percent of domestic consumption, and in fact they are rapidly rising; and the amount of tobacco in Government warehouses is skyrocketing.

In 1983, tobacco imports exceeded exports for the first time ever, yet production has been cut in half over the last 10 years in the United States under the allotment program.

The 1984 North Carolina State study estimated that deregulation, by eliminating these artificial costs of allotment rent and Government assessments, would result in a favorable swing in our balance of trade on tobacco of \$1.5 billion.

People in the tobacco business would get less per pound, it is true, but they would make up by regaining foreign markets that they have lost and not have to pay for allotments and assessments, and they would come out in the end a lot better if they were in the business of growing tobacco rather than renting an allotment.

Mr. Chairman, I reserve the balance of my time.

□ 1235

Mr. ROSE. Mr. Chairman, I yield such time as he may consume to the distinguished majority whip, the gentleman from Washington [Mr. FOLEY].

(Mr. FOLEY asked and was given permission to revise and extend his remarks.)

Mr. FOLEY. Mr. Chairman, I rise in opposition to the amendment. I have had over the years that I have served on the Agriculture Committee supported the Tobacco Program because I think it is probably one of the best programs we have ever developed in terms of actually aiding farmers. However, now there is growing opposition to the Tobacco Program, both inside the Congress and to some extent in the country, based on the false assumption that the Tobacco Program somehow subsidizes and encourages smoking. The fact is, it is exactly the opposite. People who want to dismantle the Tobacco Program will end up making tobacco cheaper, which in turn could make cigarettes cheaper, which in turn could make the profits of tobacco companies higher, but at

Mr. ALEXANDER. I would state to the committee that I do not expect to use that full amount of time. It is not my intention to prolong the debate. I was just trying to clarify the situation on the floor so that Members could plan for the balance of the afternoon.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. Are there other amendments to title XVIII?

If not, the Clerk will designate title XIX.

The Clerk designated title XIX.

The CHAIRMAN. Are there amendments to title XIX?

If not, the Clerk will designate title XX.

The Clerk designated title XX.

AMENDMENT OFFERED BY MR. PETRI

Mr. PETRI. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the CONGRESSIONAL RECORD as of the 24th of September?

Mr. PETRI. It has, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. PETRI: Page 516, after line 9, insert the following new title:

TITLE XX—TOBACCO

SHORT TITLE

SECTION 2001. This title may be cited as the "Tobacco Deregulation Act of 1985".

REPEAL OF PROVISIONS OF LAW CONCERNING PRICE SUPPORT FOR TOBACCO

SEC. 2002. (a)(1) Section 101(a) of the Agricultural Act of 1949 (7 U.S.C. 1441(a)) is amended by striking out "tobacco (except as otherwise provided herein), corn" and inserting in lieu thereof "corn".

(2) Section 101(c) of such Act (7 U.S.C. 1441(c)) is repealed.

(3) Section 101(d)(3) of such Act (7 U.S.C. 1441(d)(3)) is amended—

(A) by striking out ", except tobacco," and

(B) by striking out "and no price support shall be made available for any crop of tobacco for which marketing quotas have been disapproved by producers";

(b) Sections 106, 106A, and 106B of the Agricultural Act of 1949 (7 U.S.C. 1445, 1445-1, 1445-2) are repealed.

(c) Section 408(c) of the Agricultural Act of 1949 (7 U.S.C. 1428(c)) is amended by striking out "tobacco".

REPEAL OF PROVISIONS OF LAW CONCERNING TOBACCO ACREAGE ALLOTMENTS AND MARKETING QUOTAS

SEC. 2003. (a) Section 2 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1282) is amended by striking out "tobacco".

(b) Section 301(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301(b)) is amended—

(1) in paragraph (3) by striking out subparagraph (C),

(2) in paragraph (6)(A) by striking out "tobacco",

(3) in paragraph (7) by striking out "Tobacco (flue-cured), July 1-June 30;

"Tobacco (other than flue-cured), October 1-September 30";

(4) in paragraph (10) by striking out subparagraph (B),

(5) in paragraph (11)(B) by striking out "and tobacco",

(6) in paragraph (12) by striking out "tobacco",

(7) in paragraph (14)—

(A) by striking out "(A)", and

(B) by striking out subparagraph (B),

(8) by striking out paragraph (15), and

(9) in paragraph (16) by striking out subparagraph (B).

(c) Section 303 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1303) is amended by striking out "rice, or tobacco," and inserting in lieu thereof "or rice".

(d) Part I of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1311 et seq.) is repealed.

(e) Section 361 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1361) is amended by striking out "tobacco".

(f)(1) Section 371(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1371(a)) is amended by striking out "peanuts, or tobacco" and inserting in lieu thereof "or peanuts".

(2) Section 371(b) of such Act (7 U.S.C. 1371(b)) is amended by striking out "peanuts, or tobacco" and inserting in lieu thereof "or peanuts".

(g)(1) Section 373(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is amended—

(A) in the first sentence—

(i) by striking out "peanuts, or tobacco, and" and inserting in lieu thereof "or peanuts, and",

(ii) by striking out "peanuts, or tobacco from" and inserting in lieu thereof "or peanuts from", and

(iii) by striking out "all persons engaged in the business of redrying, prizing, or stemming tobacco for producers", and

(B) in the last sentence by striking out "\$500;" and all that follows through the end thereof and inserting in lieu thereof "\$500".

(2) Section 373(b) of such Act (7 U.S.C. 1373(b)) is amended by striking out "peanuts, or tobacco" and inserting in lieu thereof "or peanuts".

(h) Section 375(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1375(a)) is amended by striking out "peanuts, or tobacco" and inserting in lieu thereof "or peanuts".

(i) Section 378(f) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1378(f)) is repealed.

(j) The Act entitled "An Act relating to burley tobacco farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended", approved July 12, 1952 (7 U.S.C. 1315), is repealed.

(k) Section 4 of the Act entitled "An Act to amend the Agricultural Adjustment Act of 1938, as amended, to provide for acreage-poundage marketing quotas for tobacco, to amend the tobacco price support provisions of the Agricultural Act of 1949, as amended, and for other purposes", approved April 16, 1965 (7 U.S.C. 1314c note), is repealed.

(l) Section 703 of the Food and Agriculture Act of 1965 (7 U.S.C. 1316) is repealed.

EXCLUSION OF TOBACCO FROM CONCESSIONAL EXPORT SALES PROVISIONS OF PUBLIC LAW 480

SEC. 2004. The proviso to the first sentence of section 402 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1732) is amended by striking out ", and for the purposes of title II of this Act," and inserting in lieu thereof "or".

PROHIBITION AGAINST COMMODITY CREDIT CORPORATION USING POWERS WITH RESPECT TO TOBACCO

SEC. 2005. Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C.

714c) is amended by adding at the end the following new undesignated paragraph:

"Notwithstanding any other provision of law, the Corporation may not exercise any of the powers specified in this section or in any other provision of this Act with respect to tobacco."

PROHIBITION AGAINST TOBACCO MARKETING ORDERS

SEC. 2006. Section 8c(2) of the Agricultural Adjustment Act (7 U.S.C. 608c(2)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(1) by striking out "tobacco",

(2) by inserting "tobacco," after "(B) any agricultural commodity (except honey," and

(3) by adding at the end the following new sentence: "Notwithstanding any other provision of law, no order concerning tobacco may be issued or enforced under this Act."

WITHDRAWAL OF CONSENT RELATING TO COMPACTS AMONG STATES FOR REGULATING TOBACCO PRODUCTION AND COMMERCE

SEC. 2007. (a) The Act entitled "An Act relating to compacts and agreements among States in which tobacco is produced providing for the control of production of, or commerce in, tobacco in such States, and for other purposes", approved April 25, 1936 (7 U.S.C. 515 et seq.), commonly known as the Tobacco Control Act, is repealed.

(b) The Congress hereby withdraws its consent to any compact or agreement entered into under the Act referred to in subsection (a).

EFFECTIVE DATES

SEC. 2008. (a) The amendments made by sections 2002 through 2006 shall apply with respect to the 1986 and subsequent crops of tobacco.

(b) Section 2007 shall take effect January 1, 1986.

Amend the table of contents at the beginning of the bill accordingly.

Mr. PETRI (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The CHAIRMAN. Under the unanimous-consent agreement previously entered into, the gentleman from Wisconsin [Mr. PETRI] will be recognized for 30 minutes, and an opponent will be recognized for 30 minutes.

The Chair would inquire as to who wishes to control the time in opposition?

Mr. ROSE. Mr. Chairman, the understanding I had with the gentleman from Kentucky [Mr. HOPKINS] the ranking member on my subcommittee, was that he would control 15 minutes and that I would control 15 minutes.

The CHAIRMAN. The gentleman from Kentucky [Mr. HOPKINS] will control 15 minutes in opposition and the gentleman from North Carolina [Mr. ROSE] will control 15 minutes in opposition. The gentleman from Wisconsin [Mr. PETRI] will control 30 minutes as proponent of the amendment.

The Chair recognizes the gentleman from Wisconsin [Mr. PETRI].

Mr. PETRI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the amendment that is before us is a simple one. It would abolish the Federal tobacco program effective next year.

By so doing, it would save our Nation's taxpayers several hundred million dollars per year, contribute to economic growth in tobacco, and I will get to that in a minute, cause a positive swing in our trade balance, something we are very concerned about at this time in this Congress, of about \$1.5 billion, make consistent Government policy on smoking and health, and at the same time help family tobacco farmers increase their income dramatically.

I would like to discuss each of these points briefly. Let us start with the issue of cost.

Supporters of the program like to point out that since 1982 their program has been operated as a no-net cost to the taxpayer program. Assessments on growers are supposed to pay for the program, but there are just two problems with this scheme.

The official costs are not all of the costs, and the assessments have, in fact, been woefully inadequate to cover even the official costs. The official costs are based on charging simple rather than compound interest on tobacco loans. Though the Treasury pays compound interest when it borrows from the public, the Commodity Credit Corporation pays compound interest when it borrows from the Treasury, the Commodity Credit Corporation does not charge compound interest when it then in turn loans money for buying and for storing surplus tobacco. Thus, the official interest costs charged to the tobacco program are understated by somewhere between \$100 and \$300 million, depending on whose estimates you accept.

But when you look at just the officially recognized costs and the assessments to cover them, the situation gets worse. The Department has underestimated costs consistently, and despite steeply rising assessments, the program is far in arrears, with no prospect of ever recovering the officially recognized costs.

Now what will happen if this program is abolished? The proponents of the existing or soon-to-be tobacco program as it changes in the legislative process make all kinds of assertions about what will happen if this program were to be abolished, and I am sure we are going to hear some of those assertions here this afternoon. For example, that production will skyrocket, prices plummet, farmers be bankrupted, and that the economy of tobacco-producing regions of our country will be devastated.

But what is the evidence to those assertions? I have not really heard any.

But we do not have to rely on wild speculation as to what will happen if the existing tobacco program is brought to an end. There have been several reputable economic analyses of that issue, mostly done, in fact, in to-

bacco regions of our country, in North Carolina where the interest is greatest and where you would least expect an antiprogram bias. The latest study was done by two economists at North Carolina State University, furnished last year, and its conclusions are typical of those reached in other studies of what will happen if the tobacco program is brought to an end. They concluded that production would not immediately skyrocket because in the short run, it is limited by the available tobacco-producing infrastructure. They concluded that prices would fall, but by less than the total current burden of assessments and allotments rents that would, with the abolition of the program, be lifted from the back of the tobacco farmer.

So farmers' profits, not having to pay assessments and allotments when the program comes to an end, farmers' profit per pound would increase. At the new lower prices, farmers would produce and sell as much as double the amount of tobacco that they produce today. In fact, the North Carolina study concluded tobacco growing would boom and tobacco States' economies would be boosted, not harmed.

None of this should be surprising. In the last 10 years, our tobacco production has been cut in half in the United States as high prices caused us to lose world market share. Deregulation and lower prices will help us to regain world market share.

The North Carolina State study estimates that deregulation will eliminate our tobacco imports and double our exports, producing a positive swing in our trade balance of about \$1.5 billion.

So anyone who is concerned about our trade deficit, and a lot of us are, please take note. You can start cutting that deficit by voting for this amendment.

There is, of course, a group that will be hurt by deregulation, and there is no point in trying to disguise that fact. The allotment owners, they will be hurt by deregulation, not the tobacco farmers, and I draw that line clearly, the allotment holders, those who under current law own the monopoly rights to market tobacco. Defenders of the program like to lump them all together with farmers as if they are all the same, and of course those classes do overlap. But it is a grave error to assume that they are the same.

□ 1225

There are more than five times as many allotment owners as commercial tobacco farmers. Let me repeat that: There are more than five times as many tobacco allotment owners as commercial farmers defined as growing an acre or more of tobacco. There are, according to Federal Government estimates, about 543,000 allotment holders and 95,000 commercial tobacco farmers.

Most allotment owners are not farmers, and most farmers, 84 percent in

the case of flue-cured tobacco, have to rent allotments from someone else, surrendering the profits they would otherwise make from growing tobacco.

The two groups' interests are directly opposed. If we support the tobacco program, we are voting to keep farmers in bondage to a feudal class of largely absentee landlords, who are raking off all of the profits of the business and who are slowly strangling it at the same time.

I cannot stress this point enough. The tobacco program is for the allotment owners, not for the tobacco farmers.

Now it so happens that allotment owners are a large and a politically influential class. In fact, the most powerful group that is supporting smoking. If you remove their interests in tobacco, you make it easier to establish consistent Government policy of discouraging smoking, and that is why health groups are supporting this amendment so strongly.

Abolishing the tobacco subsidy program will not only remove a gross inconsistency in policy itself; it will also make it easier down the road to establish sound policy in areas like excise taxes, warnings on packages of cigarettes, and cigarette advertising.

But what of the farmers? Will not discouraging smoking harm them? The answer is that if smoking gradually declines in this country, they will be hurt by that decline in their market. That is the fact; but they will have far more to gain by recapturing a large share of the world market and by getting out from under the crushing burden of allotment rent and assessments.

These two items have been costing them over 50 cents per pound, and that is about 30 percent of the total price that they receive for their tobacco. No wonder they are going bust. The Government that is supposed to be helping, Government policy is helping them to go bust.

Without the program, they will grow twice as much tobacco; sell it at a lower price; and get to keep all of their profits rather than having to pay assessments and allotment rent.

Mr. Chairman, it is ludicrous to spend hundreds of millions of dollars per year to subsidize tobacco while discouraging smoking. It is even more ludicrous when the program is counterproductive. It is actually strangling the industry, driving up our trade deficit, and harming the economies of tobacco States.

Most ludicrous of all is to spend that kind of money to keep hard-working farmers in bondage to a class of absentee landlords.

So I say to all of my colleagues, if we vote for the tobacco program, we are voting for waste, foreign jobs, cancer, and bondage. If we support my amendment, we are voting for economy, growth, health, and freedom for the American farmer.